

# 1WS Credit Income Fund

CLOSED-END INTERVAL FUND MANAGED BY 1WS CAPITAL



The 1WS Credit Income Fund (the "Fund") is a closed-end interval fund managed by 1WS Capital Advisors, LLC (the "Adviser" or "1WS"). The Adviser is the individual investor focused affiliate of One William Street Capital Management, L.P. ("OWS"). OWS is an employee-owned global alternative credit focused asset management platform with more than 90 employees and approximately \$7 billion of assets under management.\* OWS's global investor base is primarily institutional, including pensions and sovereign wealth funds.

The investment objective of the Fund is to seek attractive risk-adjusted total returns through generating income and capital appreciation. The Fund will seek to achieve its investment objective by investing primarily in a wide array of predominantly structured credit and securitized debt instruments.

\*as of 9/30/24

## Reasons to Invest

### 1 Portfolio Mix

- Designed to diversify exposure in traditional "core" fixed income
- Focused on an under-represented segment of the fixed income market: asset-based and structured credit investments
- Active & dynamic investment strategies and portfolio construction

### 2 Experienced Team

- Investment team with extensive experience across broad spectrum of asset-based and structured credit markets; significant operating history of working together through various market cycles
- A long track record focusing on investments with enhanced total returns generated from positive catalysts in addition to yield
- Robust investment and risk infrastructure

### 3 Risk Managed Approach

- Interval fund vehicle better aligns with niche structured credit opportunities
- Rigorous investment process emphasizes the pursuit of attractive risk adjusted returns and limited drawdowns

## Flexible Cross Cycle Investment Mandate

1WS TAKES A LONG-TERM PERSPECTIVE TO FUNDAMENTAL ASSET BASED CREDIT INVESTING BY ESTABLISHING DYNAMIC INVESTMENT THEMES TO ADAPT TO CROSS-CYCLE MARKET ENVIRONMENTS.

### BROKEN MARKETS

#### MARKET ENVIRONMENT CHARACTERISTICS

- Borrowers have almost no access to financing regardless of their credit quality
- Secondary markets are "hung" with distressed legacy credits
- Limited risk appetite coupled with motivated sellers creates a supply / demand imbalance
- Assets trade at deep discounts to fundamental value and market pricing reflects doom-and-gloom scenarios

#### INVESTMENT OPPORTUNITY

- Risk premium compression trade is the typically favored approach
- Focus on buying higher quality assets with downside protection
- Portfolio risk appetite will likely have more of a long bias with smaller gross exposures
- Covid-19 induced economic shut down created unprecedented distress across structured credit markets during March/April 2020

### RECOVERING MARKETS

#### MARKET ENVIRONMENT CHARACTERISTICS

- Selective availability of financing with a clear distinction between haves and have-nots
- Weaker credits have a tougher time finding sponsorship. Strong credits are often over-crowded from a demand standpoint
- Similar picture around secondary credits. Investor appetite for high quality, easy to underwrite assets, but limited for deeper credits

#### INVESTMENT OPPORTUNITY

- Spread curve flattening trades dependent on fundamental credit-based security selection is favored approach
- Portfolio risk appetite will have a partial long bias with incremental basis risk between selected credits (long) and broad market assets (short)
- We believe outsized return opportunities are available

### STABLE MARKETS

#### MARKET ENVIRONMENT CHARACTERISTICS

- Risk-based pricing in markets results in all credits having access to financing, at a price
- Not uncommon to see risk-based pricing as too aggressive, i.e. weaker credits not charged enough risk premium
- No significant overhang of secondary assets. Investor appetite is healthy & markets are in a trading environment

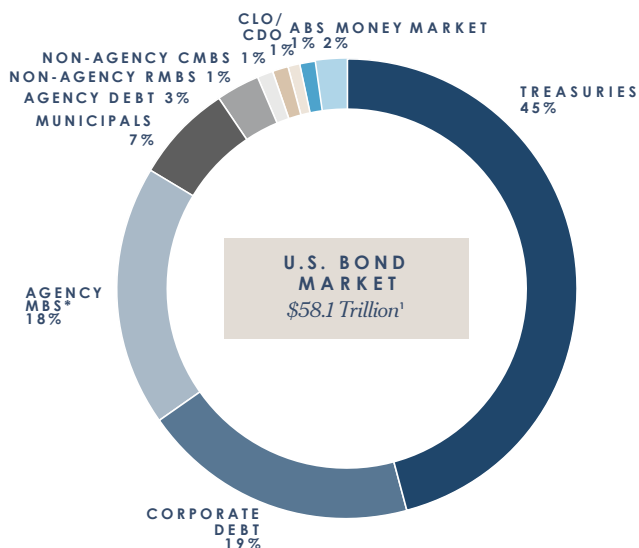
#### INVESTMENT OPPORTUNITY

- Focus on a more diversified idiosyncratic collection of credits with more active trading to generate returns
- Overall portfolio can have a long, neutral or short market bias. Relative value trading may be a larger component of risk appetite
- Portfolio construction will overweight liquidity and credit quality combined with a focus on identifying idiosyncratic return drivers

Investing in the Fund may be considered speculative and involves a high degree of risk, including the risk of substantial loss of your investment.

# Market Opportunity

STRUCTURED CREDIT IS A LARGE AND DIVERSE CROSS CYCLE INVESTMENT OPPORTUNITY THAT IS OFTEN UNDER-REPRESENTED IN FINANCIAL ADVISORS' PORTFOLIOS.



U.S. BOND MARKET \$58.1 Trillion <sup>1</sup>	
Treasuries	26,366
Securitized Credit	13,787
Corporate	10,760
Municipals	4,052
Money Market	1,182
Federal Agency	1,938
<b>Total</b>	<b>58,085</b>

<sup>1</sup>Source: SIFMA as of Q4 2023, Securitized Credit as of Q1 2021  
\*Includes agency RMBS & CMBS

## STRUCTURED CREDIT ASSET TYPES

**RMBS** Residential Mortgage Backed Securities are bonds collateralized by loans on 1–4 family residential real estate with a wide range of underlying maturities, mortgage rates, and credit quality. The RMBS market is the largest subsector within structured credit.

**CMBS** Commercial Mortgage Backed Securities are bonds collateralized by loans on commercial and multifamily (5+ family) real estate. Underlying properties include apartment buildings, office buildings, retail centers and malls, industrial complexes, hotel and lodging properties, among others.

**ABS** Asset Backed Securities are collateralized by loans or leases on a myriad of alternative consumer, commercial, or whole business assets. Among the more common consumer-based ABS are credit cards, debt consolidation, auto loans and student loans, while commercial ABS include loans and leases on assets such as shipping containers and aircraft.

**CLO/CDO** Sometimes referred to as corporate ABS, Collateralized Loan Obligations and Collateralized Debt Obligations are securitized from pools of debt securities. CLOs are backed by 1<sup>st</sup> lien corporate loans, often referred to as bank loans or levered loans. CDOs are backed by various interest bearing debt instruments, including bank trust preferred securities “Trup CDOs,” Commercial Real Estate debt, Real Estate Investment Trust debt, and others.

**OTHER INVESTMENTS** The Fund may also invest in various other debt obligations, such as mezzanine, senior secured and unsecured bonds/loans and other income-producing investments.

# Portfolio Investment Opportunities

THE FUND PLANS TO HAVE A MIX OF INVESTMENTS ACROSS MULTIPLE COLLATERAL PROFILES AND CAPITAL STRUCTURES. THE PORTFOLIO FLEXIBILITY IS NOT CONSTRAINED BY HAVING TO TRACK TO ANY SPECIFIC BENCHMARK OR INDEX IN CONSTRUCTING ITS INVESTMENT PORTFOLIO. 1WS CREDIT INCOME FUND IS ACTIVELY MANAGED WITH DISCIPLINED TOP-DOWN RISK MANAGEMENT. INVESTMENT OPPORTUNITIES ARE TYPICALLY EXPECTED TO FALL INTO THREE CATEGORIES:

### Fundamental Credit

- Emphasis on high-conviction, long credit opportunities leveraging deep experience in underwriting complex fundamentals with potential to capture liquidity premium if available
- Premium on top-down portfolio construction and portfolio risk management

### Idiosyncratic/Event

- Long positions in securities with identifiable underlying catalysts for positive asset re-pricing, such as structural or cash-flow changes and call optionality
- Broad mix of fundamental exposures

### Loan Opportunities

- Long investments in first lien and subordinate positions (mezzanine) in residential and consumer loan portfolios and commercial real estate debt
- Capture of “liquidity premium” when available

“ We believe that many current investment opportunities are among the most attractive we have seen in years. ”

DAVID SHERR, FOUNDER

## OWS Overview

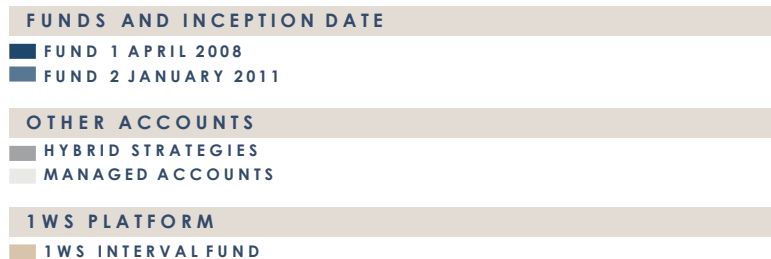
AS ITS SOLE MANAGING MEMBER, OWS MANAGES THE 1WS PLATFORM. THE OWS PLATFORM WAS DESIGNED WITH AN OBJECTIVE TO STRIKE THE APPROPRIATE BALANCE BETWEEN BRINGING DEEP EXPERIENCE TO SPECIFIC ASSET OPPORTUNITIES, WHILE HAVING A BROAD ENOUGH INVESTMENT MANDATE TO ALLOCATE RESPONSIBLY AND OPPORTUNISTICALLY ACROSS MARKET CYCLES.

- OWS Background**
  - Founded by David Sherr in 2008, with 30+ years of experience in asset-based credit investing
  - Manages approximately \$7 billion<sup>1</sup> with a seasoned team of over 90 professionals
- Investment Focus**
  - Opportunistic fundamental and long/short credit strategies investing in a wide spectrum of asset-based credits and across various complex structures
  - Fundamentally research-driven with careful top-down portfolio management
  - Overlaid with active trading, hedging and risk management
- Investment Approach**
  - Seek to generate a strong track record of attractive risk-adjusted returns
  - Alpha-enhanced security selection with opportunistic beta management across market cycles
  - Emphasis on conservative underwriting and strong risk management capabilities

<sup>1</sup> as of 9/30/24

## Platform Overview

OWS IS A ~\$7 BILLION<sup>2</sup> ALTERNATIVE INVESTMENT FIRM FOCUSED ON FUNDAMENTAL CREDIT INVESTING ACROSS STRUCTURED CREDIT MARKETS.



### FUND 1

- Multi-strategy flagship fund across structured credit markets
- Long/short credit

### FUND 2

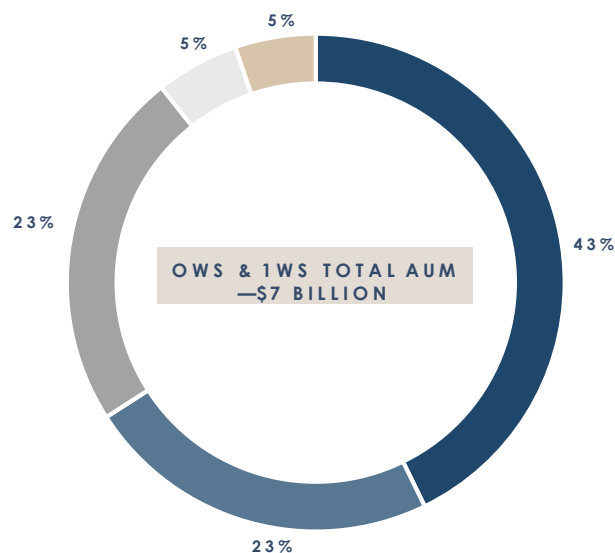
- Fundamental and event transitional strategies across structured credit and loan opportunities

### FUND 3

- Long-only structured credit including MBS, ABS, CLOs, CDOs, and CMBS

### 1WS INTERVAL FUND

- Closed-end interval fund investing, primarily in a wide array of predominantly structured credit and securitized debt instruments



<sup>2</sup> as of 9/30/24

Prior to investing, investors should carefully consider the investment objectives, risks, charges and expenses of IWS Credit Income Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling (833) 834-4923 or visiting [www.iwscapital.com](http://www.iwscapital.com). The prospectus should be read carefully before investing.

IWS Credit Income Fund is distributed by ALPS Distributors, Inc. ALPS Distributors, Inc. is not affiliated with IWS Capital Advisors, LLC or One William Street Capital Management, L.P.

#### RISK DISCLOSURES

Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for no less than 5% of the Fund's shares outstanding at net asset value. There is no guarantee that shareholders will be able to sell all of the shares they desire to sell in a quarterly repurchase offer. The Fund is suitable only for investors who can bear the risks associated with the limited liquidity of the Fund and should be viewed as a long-term investment.

The Fund's investments may be negatively affected by the broad investment environment in the real estate market, the debt market and/or the equity securities market. The value of the Fund's investments will increase or decrease based on changes in the prices of the investments it holds. This will cause the value of the Fund's shares to increase or decrease. The Fund is "non-diversified" under the Investment Company Act of 1940 and, thus, changes in the financial condition or market value of a single issuer may cause a greater fluctuation in the Fund's net asset value than in a "diversified" fund. Diversification does not eliminate the risk of experiencing investment losses. The Fund is not intended to be a complete investment program.

The Fund expects most of its investments to be in securities that are rated below investment grade or would be rated below investment grade if they were rated. Below investment grade instruments or "junk securities" are particularly susceptible to economic downturns compared to higher rated investments. While the Fund may employ hedging techniques to seek to minimize interest rate risk, there can be no assurance that it will engage in such techniques at any given time or that such techniques would be successful. As such, the Fund is subject to interest rate risk and may decline in value as interest rates rise. The Fund may use leverage to achieve its investment objective, which involves risks, including the increased likelihood of net asset value volatility and the increased risk that fluctuations in interest rates on borrowings will reduce the return to investors. In addition to the normal risks associated with investing, investing in international and emerging markets involves risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles or from social, economic or political instability in other nations. The Fund may invest in derivatives, which, depending on market conditions and the type of derivative, are more volatile than other investments and could magnify the Fund's gains or losses. An investment in shares should be considered only by investors who can assess and bear the illiquidity and other risks associated with such an investment.

There can be no assurance that the Fund will achieve its investment objective. Many of the Fund's investments may be considered speculative and subject to increased risk. Neither OWS nor IWS has managed a 1940-Act registered product prior to managing the fund. Investing in the Fund involves risks, including the risk that you may receive little or no return on your investment or that you may lose part or all of your investment. The ability of the Fund to achieve its investment objective depends, in part, on the ability of the Adviser to allocate effectively the assets of the Fund among the various securities and investments in which the Fund invests. There can be no assurance that the actual allocations or investment selections will be effective in achieving the Fund's investment objective or delivering positive returns.

The statements and opinions expressed herein are of the authors and are as of the date of publication.

#### DEFINITIONS

**Alpha:** A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta.

**Beta:** A measure of systematic risk with respect to a benchmark.

**Non-Agency CMBS:** A type of fixed income instruments that are secured by mortgage loans on commercial property, not issued nor guaranteed by government agencies.

**Non-Agency RMBS:** Securities that may be backed by interests in a single residential mortgage loan or a pool of mortgage loans secured by residential property, not issued nor guaranteed by government agencies.

**Agency Debt:** A security, usually a bond, issued by a United States government-sponsored agency or federal budget agency, other than the U.S. Treasury.

**Agency MBS:** Pools of securitized mortgage loans that are issued and guaranteed by government agencies.

## Fund Facts

<b>Name</b>	1WS Credit Income Fund
<b>Ticker</b>	Class I: OWSCX Class A-2: OWSAX
<b>Targeted Income Frequency</b>	Quarterly
<b>Capital Gain Frequency</b>	Annually
<b>Redemption Windows</b>	Quarterly
<b>Tax Reporting</b>	1099-DIV
<b>Sales Charge</b>	Please refer to the prospectus.
<b>Management Fee</b>	Please refer to the prospectus.
<b>Distribution / Shareholder Fees</b>	Please refer to the prospectus.
<b>Distributor</b>	ALPS Distributors, Inc.

## Quarterly Liquidity Structure for Shareholders

The Fund is a continuously offered, closed-end interval fund. The Fund's Board of Trustees authorized a Share Repurchase Plan<sup>+</sup> that offers to repurchase shares at Net Asset Value ("NAV") quarterly, subject to terms & conditions.

#### REPURCHASE OFFER MONTHS

JAN	FEB	MAR
APR	MAY	JUN
JUL	AUG	SEP
OCT	NOV	DEC

The Fund currently expects to make quarterly repurchase offers of 5% of the Fund's shares outstanding. The Fund will make quarterly repurchase offers in March, June, September and December.

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